

<b>FLA Audit Profile</b>	
<b>Country</b>	<b>EI Salvador</b>
<b>Factory name</b>	<b>12022264B</b>
<b>IEM</b>	<b>ALGI</b>
<b>Date of audit</b>	<b>June 17, 2003</b>
<b>PC(s)</b>	<b>Reebok, VF Corporation</b>
<b>Number of workers</b>	<b>600</b>
<b>Product(s)</b>	<b>Women's Apparel</b>
<b>Production processes</b>	<b>Cutting, Sewing, Trimming, Packing</b>
<b>FLA Code/Compliance Issue</b>	<b>Benchmark or Legal Reference</b>
<b>1. Code Awareness</b>	
<b>2. Child Labor</b>	
<b>3. Forced Labor/Prison Labor</b>	
<b>4. Harassment or Abuse</b>	
<b>5. Nondiscrimination</b>	
<b>6. Health and Safety</b>	
Fire Safety	In compliance with FLA Benchmarks V.B. Health and Safety: All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.

Fire Safety/Electrical	FLA Benchmark: All ventilation, plumbing, electrical and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.
Personal Protective Equipment (PPE)	FLA Benchmark: All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.
Chemical Management	FLA Benchmark: Workers should receive training on proper use and proper protection of the chemical and hazardous materials they use.

<p>Personal Protective Equipment (PPE)</p>	<p>In compliance with FLA Benchmarks V.B. Health and Safety: Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.</p>
<p>Fire Safety</p>	<p>In compliance with FLA Benchmarks V.B. Health and Safety: All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.</p>
<p>Lighting</p>	<p>In compliance with FLA Benchmarks V.B. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.</p>
<p>First Aid</p>	<p>In compliance with FLA Benchmarks V.B. Health and Safety: All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.</p>
<p>Hygiene</p>	

Clinic	
<b>7. Freedom of Association and Collective Bargaining</b>	
Prevention of Free Association	Chapter 1, Articles 204, 205 of Salvadoran Labor Code. In accordance with FLA Benchmarks, VI.B. Freedom of Association: Workers will have the right to establish and, subject only to rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.
Victimization	Chapter 1, Articles 204, 205 of Salvadoran Labor Code. In accordance with FLA Benchmarks, VI.B. Freedom of Association: Workers will have the right to establish and, subject only to rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.
<b>8. Wages and Benefits</b>	
Incorrect Payment of Wages	Title 3, Chapter 1, Article 119 In accordance with FLA Benchmarks, VII.B. Wages and Benefits, Hours of Work and Overtime Compensation: Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work.

Employment Contracts	
Wage Payments	
Vacation	Salvadoran Labor Code Article 188
<b>9. Hours of Work</b>	

Day of Rest	Salvadoran Labor Code Article 175
<b>10. Overtime Compensation</b>	
<b>11. Miscellaneous</b>	
Other	Respect of workers privacy


Findings	
Monitor's Findings	Documentation
Yellow lines demarcating main aisles leading to exits and arrows marking emergency evacuation routes are missing in parts of the factory floor.	Health and Safety assessment, observation

<p>3 fuse boxes were found to be missing fuses (space left open and unguarded). Fuses from 2 of these boxes felt warmer than usual; this was brought to the immediate attention of the factory mechanic.</p>	<p>Health and Safety assessment, observation</p>
<p>Eye guards on some overlock machines had been removed; most workers using overlock machines do not use the guards.</p>	<p>Health and Safety assessment</p>
<p>Material safety data sheets (MSDS) for 2 types of solvents found for spot cleaning were not posted where workers can read them or where they were available for worker review.</p>	<p>Health and Safety assessment</p>



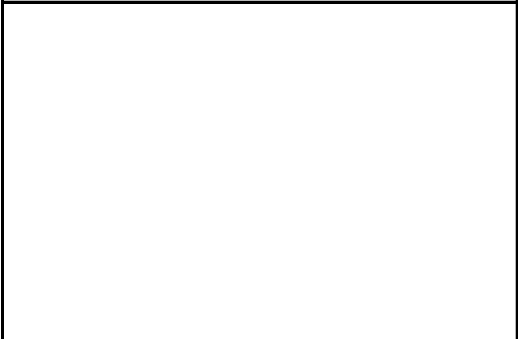
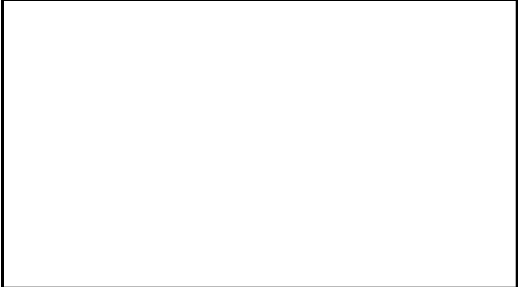
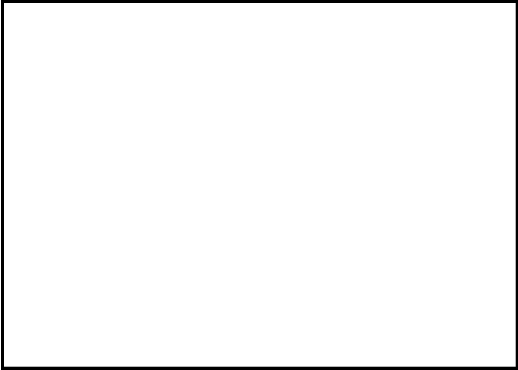
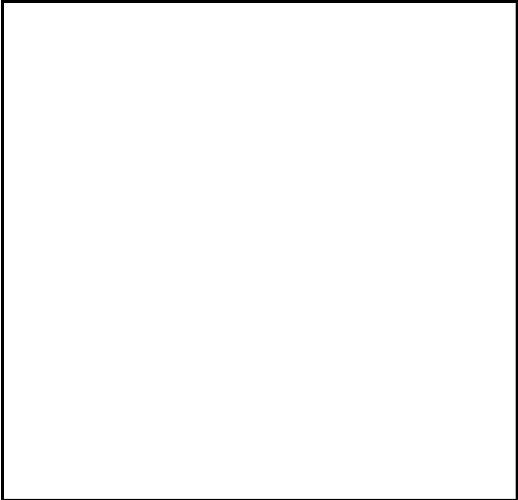
<p>Workers in garment cleaning station need to wear protective equipment such as masks, gloves, etc.</p>	<p>Observations, interviews</p>
<p>Fire evacuation drills have not been conducted since June 19, 2001. However, 17 employees were trained in fire fighting and using fire extinguishers on March 22, 2003.</p>	<p>Health and Safety assessment, interviews</p>
<p>The illumination in the mezzanine level of the factory is poor. While most of the mezzanine level is used for storage, there were workers observed on this level. The lighting needs to be improved to afford adequate protection to workers health.</p>	<p>Health and Safety assessment, observations</p>
<p>No first aid procedures posted.</p>	<p>Observations, records, interviews</p>

<p>Factory management systematically discriminated against, otherwise qualified, former workers of a closed factory known as [Closed factory name] solely because they were affiliated with the union of the closed facility.</p>	<p>1) 6 union member interviews from [Closed factory name] who allegedly applied for and were denied employment at [Factory name]. 2) 6 current employee interviews who at one time worked at [Closed factory name]. 3) Review of over 100 employment applications. 4) Former hiring Manager Assistant admitted asking workers if they worked in unionized section of [Closed factory name].</p>
<p>At least 4 former employees of [the] defunct factory known as [Closed factory name] were fired a few days after commencing employment, most likely because of their union affiliation.</p>	<p>1) 4 union member interviews from [Closed factory name] who allegedly were fired by [Factory name]. 2) 6 interviewed employee, currently at [Factory name], who at one time worked at [Closed factory name] and questioned about [Closed factory name] at point of initial employment.</p>
<p>A few workers observed working during their meal breaks (uncompensated time). During interviews they explained that they worked from 5 to 15 minutes in order wait for the rush in the cafeteria to be over and to advance on the work that could help them reach weekly quotas which lead to additional pay (bonus).</p>	<p>observations and time records</p>

<p>It is the practice of this employer (as it is of most employers in the region) to terminate the employment contract of its employees on a yearly basis. This leads to the employee possibly losing certain benefits (length of vacation) that they could be entitled to on the basis of seniority.</p>	<p>Interviews, examination of employment contracts, discussion with management</p>
<p>Overtime hours worked by sewing machine operators are paid in cash via a separate payroll system (normally workers get direct deposit). This leads to a miscalculation of their legal deduction and may affect the amount of future benefits due workers.</p>	<p>Review of records, interviews and discussion with management</p>
<p>Many workers found to have worked through their vacation period and did not take time off as required by law. Vacation time worked was properly compensated by employer and appeared to be worked voluntarily by employee, yet labor code calls for time off with pay.</p>	<p>Review of records, interviews and discussion with management</p>

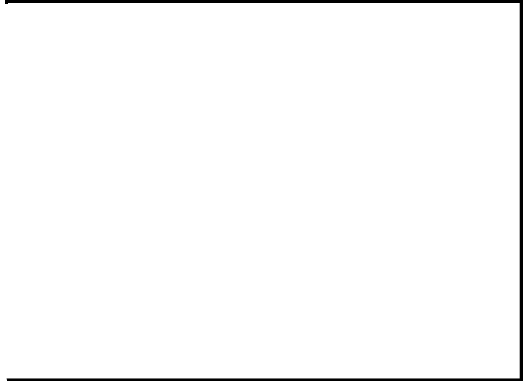
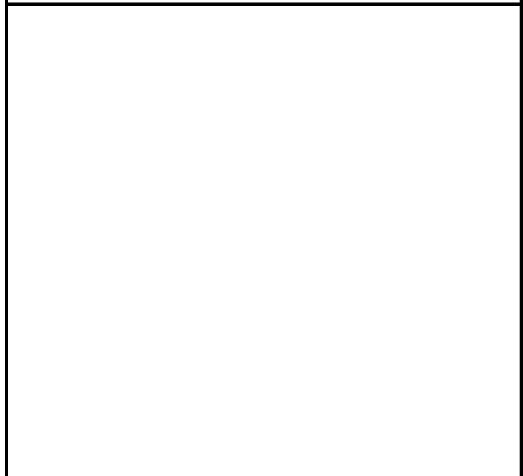
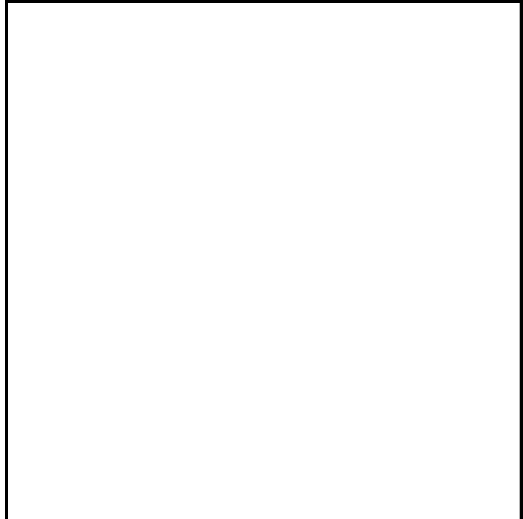
<p>A Sunday was worked by many workers as factory needed to meet rush orders. Labor Code and FLA Benchmarks require a day of rest every week. These workers worked straight through the following week. Day was compensated at overtime rate, but an employee is required to be paid at "extraordinary pay" and given an additional day off.</p>	<p>Review of records, interviews and discussion with management</p>
<p>All restrooms have large clear windows to view workers while in the bathroom. Toilet stalls have doors. 1 men's room in particular permits the full back of the worker to be seen as they use the urinals.</p>	<p>Auditor's observation</p>



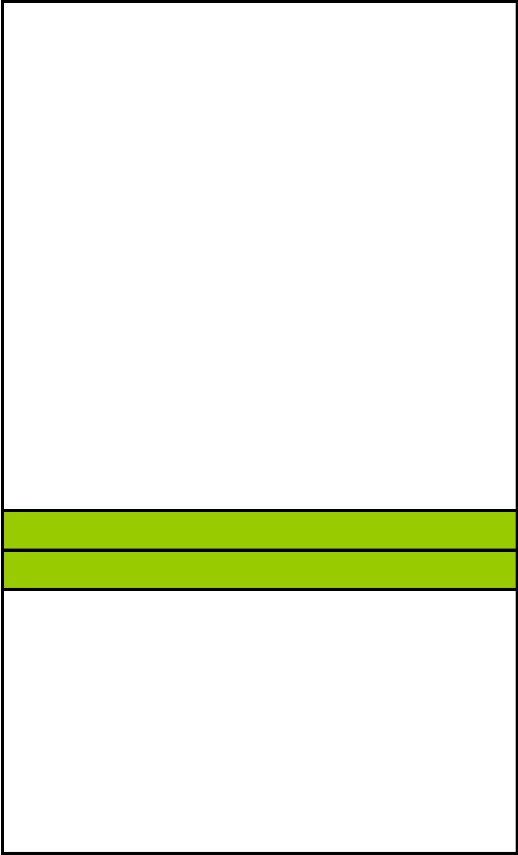
Employee cafeteria serves varied meals daily at affordable prices and is maintained at high level of cleanliness and efficiency.

Factory has a well maintained and staffed facility. The nurse is on duty 12-4:00pm Monday-Saturday. A professional provides free gynecology services.









**Remediation**

**PC Remediation Plan**

1) Aisles intended to be used for employee egress during facility evacuation should be clearly marked. Factory must indicate exit routes on walls, columns, and floors with photo luminescent safety materials such as paint, panels, and strips. A series of photo luminescent arrows running along the floor is a simple, cost-effective way of communicating to workers the way to safety in a smoke-filled factory. Please submit to Reebok photos of the facility showing all exit routes have been clearly marked. 2) Aisles should be kept clear of obstructions on an ongoing basis and, as a matter of follow up and education, the Health and Safety Committee should check aisles and document the results as part of their responsibilities. Please develop a plan with dates that would assure floor markings are being maintained in good condition. Please submit to Reebok a copy of this plan.

1) Check all fuse boxes for missing insulators. Factory must replace the missing fuses from fuse boxes immediately; blanks should be inserted as open spaces are found. Fuses feeling hot to the touch should be reported to mechanical staff for inspection/replacement. It is also recommended that fuses be labeled in the local language. 2) Factory should also assign a qualified individual in the factory to routinely inspect electrical panels to make sure they are in proper order and not missing fuses. Fuse boxes may be checked and documented, as part of H&S Committee meetings. 3) Please submit to Reebok photos of all fuse boxes indicating there are no missing fuses, and inform us in writing which individual at the factory will be made responsible for their routine inspection.

1) Factory must install safety devices (such as a fiber glass shield) in all overlock machines which currently do not have one, or which currently do not have one in working condition. Workers should also be instructed to keep shields down and moving forward. 2) Factory must provide all production workers instructions in general factory safety and in the safe operation of their machines. Training should also educate workers on the proper use of the mechanical safety devices and the reasons for their use. Please submit to Reebok a) documentation clearly demonstrating that all overlock machines have installed safety devices and b) inform Reebok how workers have been trained on their use.

1) Factory must maintain a current list of all MSDS for all chemicals used in the factory. MSDS information (in local language, Spanish) should be made available to all employees in a readily accessible location. For example, MSDS should be posted in local language of workers near where they are being used, such as in the spot cleaning area. An employee should be designated as responsible for maintaining master book and for distributing copies as necessary. 2) For employees using chemicals, documented education of chemical risks should take place on an ongoing basis. A sign at all appropriate workstations, reminding the employee to use the safety gear, is also recommended.

1) Factory must provide workers in the garment cleaning station with the correct type of PPE. Factory must post a sign near the cleaning station in the local language of workers stating PPE is required. Please submit to Reebok photos of this posted notice. 2) Factory safety begins with proper planning and worker training. Factory should implement a factory safety plan which outlines the following: a) what safety devices and PPE are needed within factory; b) disciplinary measures for workers who fail to use safety equipment and for supervisors who fail to enforce use of safety equipment, c) routine inspections of safety devices on all machines, and d) a training program for workers on proper use and reasons for using machine safety devices and PPE. Please submit to Reebok a copy of this developed policy.

Report Section 7B6 states in auditor's own findings that evacuation drill was done this year, on March 28, 2003. 4 fire drills a year are required under Reebok's standards (2 unannounced), and ongoing compliance with fire safety standards is expected.

Check illumination in all areas of the factory. Recommended lighting levels are as follows: emergency egress - 75 lux, production line - 350 lux, inspection - 1000 lux, general warehouse - 350 lux, clerical work - 750 lux, corridor/stairs 200 lux.

Report, on page 21, states that first aid procedures have been posted. No further action needed.

Prior to the ALGI audit, Reebok worked with factory to put in place a re-testing program for workers cited as victims of discrimination. As a result, factory developed, implemented and documented credible management hiring practices, including hiring requisitions and objective testing of qualifications against those requisitions during the application process. Moreover, many former [Closed factory name] workers were given opportunity to apply for jobs at [Factory name] using these newly developed hiring procedures. ALGI report does not reference these actions taken by factory. In follow-on correspondence with ALGI regarding these efforts, ALGI agreed that, based on these policies and procedures in place at time of audit, it would be fair to conclude that the findings of discriminatory practices from the audit were based on historical events and that factory "...had changed their practice by the time we [ALGI] audited."

While the finding that "at least 4 former employees of [the] defunct factory... were fired... most likely because of their union affiliation" cannot be determined with certainty, Reebok required factory to put in place a re-testing program for workers cited as victims of discrimination. Factory responded fully to this request. As a result, the factory has developed, implemented and documented credible management hiring practices, including hiring requisitions and objective testing of qualifications against those requisitions during the application process. Workers provided opportunity to reapply for work based on this newly established hiring procedure, and workers failed to meet the minimum competency levels.

Please submit to Reebok an explanation of how workers are prevented from working off the clock, as well as proof that workers are paid the proper overtime wages in instances where work is allowed during breaks.

While the law does not prohibit the practice, Reebok and VF require the proper payment of all legally mandated benefits. A worker whose employment contract is terminated every year risks forfeiting their rights to future benefits such as (greater) compensation in case of permanent on job injury or disability, maternity leave, and others. Please investigate whether this practice results in workers losing benefits, and report on the results of your investigation.

1) All work, including overtime records, must be recorded on regular payroll record. No payments to workers are permitted outside payroll. Each worker must receive an individualized pay slip which accurately shows a breakdown of all hours worked and all earned income (regular and overtime pay) and all legal deductions. 2) Factory should develop a written policy which outlines these requirements and a commitment to meet these requirements. Policy should address how these policies will be communicated to workers. Please submit to Reebok a copy of this policy.

Factory should develop a vacation time policy which outlines factory's legal obligations in regards to providing workers the opportunity of paid holidays, holidays off, and how workers can request their vacation time. Please submit to Reebok a copy of this policy.

1) Workers shall not work more than 60 hours per week, including overtime, and must have 1 day off in every 7-day period, except in extraordinary circumstances. Extraordinary circumstances defined as situations that could not have been anticipated such as natural disasters, political upheaval, or mechanical failures. Adherence to this Reebok Standard is a sign that factory management efficiently organizes its production planning and workflow. Please submit to Reebok a plan for how factory will organize production to meet Reebok's working hours standards. 2) Factory must develop a policy where workers provided 1 day off in 7. Once developed, policy should be posted in factory in local language of workers in a prominent location. Factory must then commit to Reebok in writing that it will comply with this policy.

Toilet stalls must have walls and doors for adequate personal privacy. Factory must cover the large clear windows to ensure that workers cannot be observed while going to the bathroom. Once proper privacy has been secured, please submit to Reebok photos of the inside and outside of the toilet facilities.



Target Completion Date	Factory Response	Completion Date
8-Aug-03	1) Emergency evacuation routes have now been marked as indicated. 2) A plan has been developed to ensure aisles remain clear of obstructions on an ongoing basis.	17-Jun-03

8-Aug-03	Factory has replaced the missing fuses from the fuse boxes. Factory has also assigned a qualified individual in the factory to routinely inspect electrical panels to make sure they are in proper order and not missing fuses.	19-Jun-03
8-Aug-03	1) Factory has inspected the machines and replaced any missing safety devices. 2) Factory is in the process of providing all production workers instructions on general factory safety and in the safe operation of their machines. Factory is in the process of developing a training plan for training workers on the reasons and use of safety devices.	
8-Aug-03	MSDS have been ordered and are pending.	

8-Aug-03	1) Workers have the PPE, but workers like to not use the masks. Management is now strictly enforcing the practice of PPE.	
8-Aug-03		28-Mar-03
Oct-03	Pending.	

	<p>NO quantifiable bases for this claim. As we have +/- 100 ex-employees from [Closed factory name], all based on merit of their jobs, we do not ask for their affiliation to any organized groups at hiring stage. Factory does reserve right to check on your employment application background accuracy, and to test abilities against claimed skill competency level. All are given fair trial and benchmark.</p>	Jun-03
	<p>How did the auditor arrive so conclusively that this is the "likely" scenario for letting them go during probational trial period? We have gone to the extent of rehiring 2 of the 4 employees to give them a second chance. We have submitted their daily documentation to show their competency level. [1 worker] left on her own accord the second day of the trial after stating she can not do the work she said she is capable of doing.</p>	Jun-03
8-Aug-03	<p>Worker being observed for this activity that day was actually fixing her own dress; she took the time to do this to avoid the long lunch line at the cafeteria. Now, line supervisor pulls the power plug on machines so workers will have no opportunity to use sewing machines during lunch time.</p>	30-Jun-03

8-Aug-03	<p>[Factory name] employees want this option to earn more money during the year's end. Signing a 1 year contract vs. 3+ years does not affect the overall bonus days. The only difference is in vacation days from 15 for 1-3 years of service to 18 days from 4 years and onwards. To workers, present value of money is most important to them. Due to the unpredictability of the economy, there are no guarantees that a factory will not close its doors before the 3 year period. If workers can get consistent money each year rather than accumulating 3 years of service, they want present value benefits that are real and tangible to get.</p>	
8-Aug-03	<p>All work, including overtime records, is recorded on regular payroll record and no payments to workers are permitted outside payroll.</p>	30-Jun-03
8-Aug-03	<p>This is another benefit that workers want, as the country is a poor country, and the most important thing to our workers is monetary compensation to support their families. Workers can take paid vacation leave. But, they can also get paid out for vacation days like a bonus, then work those days and get paid. You can poll our employees, close to 100% will voluntarily want this as an option.</p>	

8-Aug-03	This practice is not done often, only during some peak months. However, the El Salvador law allows for this as long the proper monetary compensation is paid out. Our GM showed the calculation to auditors, but they are not familiar enough with this provision of El Salvador labor law.	
8-Aug-03	Factory has covered the large clear windows to ensure workers cannot be observed while going to the bathroom.	

Documentation	PC Follow Up and Verification
<p>Photos have been submitted as verification and are maintained in the company's internal files.</p>	<p>Reebok's and VF's monitor visited the factory; during inspection, they verified that emergency evacuation routes are now marked as of the date of the inspection. Reebok and VF will continue to work with the factory and the factory's H&amp;S Committee to determine ongoing compliance with fire safety standards.</p>

<p>Photos have been submitted as verification and are maintained in the company's internal files.</p>	<p>Reebok's and VF's monitor visited the factory; during inspection, they verified that emergency evacuation routes are now marked as of the date of the inspection. Reebok and VF will continue to work with the factory and the factory's H&amp;S Committee to determine ongoing compliance with fire safety standards.</p>
<p>Photos have been submitted as verification and are maintained in the company's internal files.</p>	<p>Reebok's and VF's monitor visited the factory; during inspection, they verified that missing safety devices have been installed as of the date of the inspection. Reebok and VF will continue to work with the factory to obtain the necessary commitments surrounding worker training, and to determine ongoing compliance with operational safety standards.</p>
<p>Copies of MSDS have been requested from the factory once available, as well as a copy of a training program for workers on chemical safety.</p>	<p>Reebok's and VF's monitor will work with factory to obtain necessary MSDS forms and to determine ongoing compliance with chemical safety standards. Moreover, VF and Reebok will work with factory on worker training needs regarding chemical safety.</p>



<p>Copies of factory's PPE policies and a training program for workers, have been requested from the factory.</p>	<p>A program should be developed to educate mechanics, supervisors, and operators as to benefits of utilizing available guards. Mechanics should not leave a machine without ensuring that useable guards are in place. Supervision can reinforce this with appropriate management, (comments, warnings to repeat offenders, etc.) H&amp;S Committee can assist by making educational posters and helping with periodic plant inspections. Through discussion with operators, other options may surface; i.e., using goggles as an alternative to eye shields on machines. Please develop a plan for any training needs for workers on the importance of safety devices.</p>
<p>Documentation of the fire drill has been submitted as verification and is maintained in the company's internal files.</p>	<p>Reebok's and VF's monitor visited the factory, reviewed submitted documentation, and verified that a fire drill has been conducted by the factory in March 2003. Reebok and VF will continue to monitor the factory's fire safety program, to determine whether additional fire drills are conducted as required.</p>
<p>Documentation has been requested from the factory once completed.</p>	<p>Reebok and VF will continue to work with the factory to determine proper illumination inside the factory.</p>

Supporting documentation is maintained in the company's internal files.	Reebok and VF confirmed these actions by worker interviews and record review.
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	<p>Reebok is consulting with Ministry of Labor (MOL) and other officials to determine what steps are appropriate to require of the factory, if any.</p>
<p>Copy of policy submitted as verification and is maintained in company's local files.</p>	<p>Reebok and VF's monitor reinspected factory, and confirmed that work, including overtime records, is recorded on regular payroll record and no payment to workers is permitted outside payroll. Reebok and VF will continue to monitor factory, through extensive document review and worker interviews to determine ongoing compliance.</p>
	<p>Factory management should communicate to workers that employers are required to provide workers with paid vacation under local law. Management should examine workers' interest in additional work hours in context of providing competitive compensation that meets local legal requirements or local industry practice, whichever is higher.</p>

	<p>Under Reebok's Standards, workers shall not work more than 60 hours per week, including overtime, and must have 1 day off in every 7-day period, except in extraordinary circumstances. Compliance with this standard is required, even if stricter with local law. Please submit a plan to Reebok for how factory will organize production to meet Reebok's working hours standards. Also, factory must develop a policy whereby workers are provided 1-day off in 7. Once developed, work hours and rest day policies should be posted in factory in local language of workers in a prominent location. Factory must then commit to Reebok in writing that it will comply with this policy.</p>
	<p>Reebok's and VF's monitor visited the factory and verified that the large windows in factory have been covered.</p>

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Status	Updates		Status
Completed, Pending, Ongoing	Company Follow Up (July 15, 2004)	Documentation	Completed, Pending, Ongoing
Completed			

Completed			
Completed	<p>During physical inspection, it was noted that machine safety devices were installed. Worker and supervisor training was conducted to instruct workers of the need to use machine safety devices. Training conducted May 22, 2004.</p>	<p>photo of workers using machines with safety devices</p>	Completed
Completed	<p>Pertinent MSDS now posted in areas where cleaning agent are used/stored. Worker chemical safety training conducted June 12, 2004. A plan for continuous worker chemical training program has been developed as well.</p>	<p>photos, Reebok maintains worker training files</p>	Completed

On going	Factory has begun a series of supervisor/worker training on safety devices and newly developed PPE policy.	photos of workers using PPE	Ongoing
Completed			
Pending	Factory has added light fixtures to the mezzanine areas, improving illumination to adequate levels (350 lux).	photos	Completed
Completed			

Completed			
Completed			
Completed			



Pending	Based on conversations with MOL representatives, there is no regulation to prohibit "year contracts" amongst factory and workers, as long as they both agree. However, further investigation led to findings indicating that Christmas bonuses are slightly affected, as bonuses increase based on seniority. Factory management to assess (within next 2 weeks) possibility of maintaining seniority for Christmas bonus purposes. As per Salvadoran labor code, vacation provision is not affected at all.	Reference Salvadoran labor code; Articles #177-189 and Articles #196-202	Ongoing
Completed			
Completed	Factory management communicated to workers, in writing, that local labor law requires employers to provide them with paid vacations and that workers are obligated on taking them.	Aviso respecto a vacaciones anuales document, photos	Completed

Completed	Gathered information revealed factory has not passed 60 weekly hours limit and workers have 1 day off in every 7-day period. Rest-day policy is posted along with other factory policies and regulations in a prominent area. In addition, management is providing worker training on factory policy that includes "rest-day policies and procedures". Training provided on: May 22, May 29, June 5, June 12, 2004.	"Seminarios de cumplimiento social" excel document, page 3 (details on rest-day policy)	Completed
Completed			